



December 17, 2002

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: CC Docket Nos. 01-338, 98-147, 96-98, and 02-202

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, the Competitive Telecommunications Association ("CompTel") hereby gives notice that on December 16, 2002, its representatives met with Commissioner Jonathan Adelstein and Lisa Zaina and Eric Einhorn, legal advisors to Commissioner Adelstein. In our meeting, CompTel discussed the issues addressed in the attached slide presentation.

Representing CompTel in this meeting were H. Russell Frisby, Jr., President, Robert McDowell, Vice President and Assistant General Counsel and the undersigned attorney.

Sincerely,

A handwritten signature in black ink, reading "Jonathan D. Lee". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jonathan D. Lee
Vice President,
Regulatory Affairs



Briefing on Critical Local Competition Issues

H. Russell Frisby, Jr., President

Robert McDowell, Vice President & Ass't. General Counsel

Jonathan D. Lee, Vice President, Regulatory Affairs

December 16, 2002



CompTel represents competitive telecommunications providers of all types, their partner suppliers and their service partners. The fundamental mission of CompTel is to protect and advance the interests of its member companies so as to ensure the survival and prosperity of the competitive telecommunications industry in the United States and overseas. CompTel's members include the leading companies building and deploying next-generation, packet and IP-based networks to provide voice, data and video services around the world.

Triennial UNE Review

Role of the State Commissions

- **State commissions must have a significant role, particularly given their greater familiarity with local competitive conditions.**
- **The FCC should adopt a federal floor, which states can exceed under Section 251(d)(3) or independent state authority.**

Triennial UNE Review

Role of the State Commissions (Cont.)

- States with the most competition have required the greatest unbundling obligations, especially with regard to UNE-P and advanced services.
- Consumers are benefiting from the state commissions' implementation of the FCC's rules
 - Rate decreases (Illinois, Michigan, Ohio)
 - New calling packages

Triennial UNE Review

Removing UNEs Will Harm Consumers and Carriers

- Facilities are being deployed today by retail CLECs and wholesale carriers.
- Wholesale carriers need healthy CLECs, ISPs, IXC and wireless carriers—removing UNEs could have a dangerous ripple effect.
- If UNEs are removed, there is insufficient capital to replace these facilities through self-provisioning: no UNEs = no build-out.
 - ❑ High capacity loops and transport
 - ❑ Dark fiber
 - ❑ Switching

The Issue Is Price, Not Impairment

The RBOC's Motivation Is To Maintain Monopoly Revenues, Even In The Face of Competition

- The Supreme Court has affirmed TELRIC
- TELRIC rates simulate and stimulate competition—they do not mimic or perpetuate rates in a monopoly environment
- TELRIC-based UNE rates are based on forward looking cost *plus a reasonable profit*, not monopoly rents.
- BOCs' demands for more regulated revenue ignore their own responsibility to develop a more efficient cost structure

ILEC Security Deposit Tariff Modification Requests

- **The FCC must carefully scrutinize requests for tariff modifications that give ILEC's broader discretion to require large deposits**
- **ILECs that are retail competitors and wholesale suppliers already have anticompetitive incentives**
- **Broader discretion to raise costs to wholesale customers expands the ability to act on existing incentives to reduce competition**